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Warehouse Division

PROCEDURE FOR HANDLING GRAIN

DETERIORATING IN FEDERALLY LICENSED WAREHOUSES.

1. In case the warehouseman considers any portion of grain in his licensed warehouse out of condition or becoming so, he shall direct the licensed inspector to examine the grain in question and if such inspector finds the grain to be out of condition or becoming so, and is of the opinion that by re-elevating, screening and so on, it can be brought back into condition or that further deterioration can be prevented, such warehouseman shall give immediate notice to the persons and in the manner specified in section 21 of this regulation.

After 24 hours, in case the owners of the grain have not otherwise directed as to the disposition of same, the warehouseman with the approval of the inspector, shall start reconditioning the grain to whatever extent his elevator is equipped for this purpose. If it needs some reconditioning process for which the elevator is not equipped, the grain may be removed to some other warehouse for this purpose.

Section 21. 1. If the warehouseman with the approval of the inspector shall determine that further deterioration cannot be prevented by reconditioning, or after treating it in accordance with section 20 of this regulation it is still out of condition, the warehouseman shall give immediate notice of the fact as follows:

2. The notice shall state

- a. The warehouse in which the grain is stored,
- b. The quantity, kind and grade of the grain at the time the notice is given,
- c. The actual condition of the grain as nearly as can be determined, and the reason, if known, for such condition,
- d. The oldest outstanding receipt covering the amount of grain out of condition, upon which the grain will be delivered, giving the number and date of each such receipt and the quantity, kind and grade of the grain as stated in such receipt.
- e. (A special provision is made for identity preserved grain but we will not go into

that in this connection).

- f. That such grain will be delivered upon the return and cancellation of the receipts therefor.

3. A copy of the above notice shall be delivered in person or sent by mail

- a. To the persons holding the receipts mentioned,
- b. To any other persons who have registered their interest in the grain in writing,
- c. To the local grain exchange, Board of Trade, Chamber of Commerce, or similar organization, in the town or city nearest to which the warehouse is located,
- d. To the Chief of the Bureau of Agricultural Economics.

If the holders of the receipts and the owners of the grain are known to be so far away that they cannot be reached within 12 hours by mail, the warehouseman shall, whether or not requested to do so, immediately notify them by telegraph or telephone at their expense.

A copy of this notice must be posted in the main office of the warehouse company where receipts are issued to depositors.

Nothing contained in this section shall be construed as relieving the licensed warehouseman from properly caring for any grain after notification of its condition in accordance with this section.

Section 22. If the grain advertised in accordance with these requirements has not been removed from storage by the owners thereof within ten days from date of notice of its being out of condition, the warehouseman may sell the grain at public auction at the expense and for the account of the owner, after giving ten days notice in the manner required, but if there is a Federal or State statute or any regulation thereunder which is in conflict with any part of this regulation, the warehouseman shall comply with such statute.

Very truly yours,

H. K. Holman

H. K. Holman,
Senior Marketing Specialist.

